



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.
Washington, D.C. 20240

FEB 07 2007

Re: Philadelphia National Bank, 421 Chestnut Street, Philadelphia, Pennsylvania
Project Number: 18229
Taxpayer's Identification Number:

Dear

My review of your appeal of the decision of Technical Preservation Services, National Park Service, denying certification of the rehabilitation of the property cited above is concluded. The appeal was initiated and conducted in accordance with Department of the Interior regulations (36 CFR Part 67) governing certifications for Federal income tax incentives for historic preservation as specified in the Internal Revenue Code. Thank you and for meeting with me in Washington on October 17, 2006, and for providing a detailed account of the project.

I have reviewed the complete record for this project, including the application materials filed initially with the National Park Service, as well as the information supplied in our meeting, and the photographs, letters, and technical literature supplied by in or with his e-mail messages of November 29 and December 12, 2006, and with his letter dated January 3, 2007. My review also incorporated my own observations and photographs of the building made during a visit to Philadelphia on January 2, 2007. After carefully considering the entire record, I have determined that the rehabilitation of the Philadelphia National Bank is not consistent with the historic character of the property and the historic district in which it is located, and that the project does not meet Standards 2 and 9 of the Secretary of the Interior's Standards for Rehabilitation. Therefore, the denial issued on September 7, 2006, by Technical Preservation Services is hereby affirmed.

Built 1857-1859, the Philadelphia National Bank is located in the Old City Historic District. It was certified as contributing to the significance of this historic district on May 8, 2006. The rehabilitation was found not to meet the Standards for Rehabilitation on the basis of the new rooftop addition and the new window openings inserted in the west elevation of the building's existing fifth floor.

I agree with the previous decision by TPS that the new addition is incompatible with the historic character of this "certified historic structure." It is highly visible when viewed from public spaces to the south and west along Chestnut Street between Fourth and Fifth Streets. Set too close to the historic parapet, the new addition competes with and diminishes the fairly elaborate cornice and parapet of the historic building beneath, and is, overall, too large and prominent to be compatible with the

Philadelphia National Bank. The proposed metal handrail and glass assembly beneath—not yet installed—will further heighten the visibility of the new addition. As a result, the project contravenes Standards 2 and 9. Standard 2 states: *“The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.”* Standard 9 states: *“New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.”*

The new window openings cut into the west elevation at the fifth floor, by mimicking the openings in the west elevation of the new penthouse, serve to call further attention to the new addition, heightening its prominence. Moreover, the new openings give the impression that the entire historic building has been rebuilt immediately behind the facade. Consequently, this aspect of the rehabilitation also falls short of Standards 2 and 9, cited above.

My review of this project was undertaken to determine whether the rehabilitation meets the basic statutory test for certification for Federal income tax credit authorized by section 47 of the Internal Revenue Code. As Department of the Interior regulations governing the program state: *“Prior approval of a project by Federal, State, and local agencies and organizations does not ensure certification by the Secretary for Federal tax purposes. The Secretary's Standards for Rehabilitation take precedence over other regulations and codes in determining whether the rehabilitation project is consistent with the historic character of the property and, where applicable, the district in which it is located.”* [36 CFR Part 67.7(e)]. Department of the Interior regulations further state that consideration of the impact of a rehabilitation project on a historic district is secondary to the rehabilitation of the building itself. *“In situations involving rehabilitation of a certified historic structure in a historic district, the Secretary will review the rehabilitation project first as it affects the certified historic structure and second as it affects the district and make a certification decision accordingly.”* (36 CFR 67.6).

Taken together, the changes made to the Philadelphia National Bank, are not consistent with the historic character of the building, quite apart from their possible effects on other properties in the historic district. Because the Federal income tax credit for rehabilitation is a very substantial and specific benefit accruing to the owners of historic buildings undergoing rehabilitation, the law requires that changes made in the rehabilitation be compatible with the character of the building for which the credit is sought. After studying the matter thoroughly, I have concluded that the changes discussed here do not meet this sole statutory test.

As I noted at the beginning of this letter, the elements of the rehabilitation cited above were virtually completed before the National Park Service, Technical Preservation Services, received the application. This is unfortunate, since neither the building nor the planned conversion presented any insuperable obstacles in theory, and I am confident that the impediments to certification discussed here could have been avoided had the application been received before these treatments had been completed. However, as program regulations note, *“Owners who undertake rehabilitation projects without prior approval from the Secretary do so strictly at their own risk.”* [36 CFR Part 67.6]. I must weigh the project as it is, not as it might have been.

As Department of the Interior regulations state, my decision is the final administrative decision regarding rehabilitation certification. A copy of this decision will be provided to the Internal Revenue Service. Questions concerning specific tax consequences of this decision or interpretations of the Internal Revenue Code should be addressed to the appropriate office of the Internal Revenue Service.

Sincerely,

A handwritten signature in black ink, appearing to read 'John A. Burns', with a stylized flourish extending to the right.

John A. Burns, FAIA
Chief Appeals Officer
Cultural Resources

cc:

SHPO-PA

IRS